

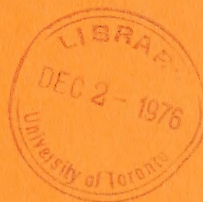
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# ***support/supplementation: who will benefit?***

a statistical profile  
prepared by the  
national council of welfare

november 1976



national council  
of welfare



conseil national  
du bien-être social



S U P P O R T / S U P P L E M E N T A T I O N :

W H O   W I L L   B E N E F I T ?

A Statistical Profile Prepared by  
the National Council of Welfare

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November 1976





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## INTRODUCTION

Since April 1973 the federal and provincial governments have been engaged in an extensive review of Canada's social security system. Out of these three-and-a-half years of work have emerged proposals for new programs of income support and supplementation - programs designed to guarantee a basic income to those unable to work or unable to find work, and to supplement the income of those who are working but at wages insufficient for their families' needs.

Most of the attention given to these proposals by government officials and the public has been towards the design of the new programs - in other words, how the programs would actually work. These design features are described in detail in the National Council of Welfare's Guide to the Guaranteed Income.

Another equally critical aspect of the proposals, however, has received only scant public attention: Who the new programs are going to benefit.

What do we know about the possible recipients of support and supplementation? Where do they live? What are their ages? How many are in one and two-parent families? How much of the year do they work? What are the major sources of their income?

Answers to these questions are obviously essential to an informed discussion of the proposals. But to date very little comprehensive data has been available. To fill this gap we have prepared this report.<sup>1</sup>

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<sup>1</sup> The statistical material used in this report was derived from Characteristics of the Working Poor, published by the Policy Research and Planning Branch, Health and Welfare Canada.



What we have tried to do is to pull together the available statistical material and paint a general picture of the possible recipients of support and supplementation. The support program, it should be remembered, is the plan designed for those who are not expected to work (such as the blind, the disabled and single-parent families with young children) or for whom work cannot be found. The supplementation program is the plan intended to supplement the income of those who are working but at wages insufficient for their families' needs.

We caution from the outset that what follows is only a general picture. For example, we have had to make assumptions about the support benefit levels that will determine income eligibility limits for the new programs. Since provinces will each set their own benefit levels for support (and since these levels will affect not only who will be eligible for support but also who will be eligible for supplementation) our assumptions can only be approximations - albeit, we believe, relatively close ones. Moreover, our data base is a sample of the Canadian population and, as with any sample, it is subject to statistical error. However, we are confident that our general picture is correct in its essentials and that it does accurately portray the characteristics of Canada's low-income families.

The principal source for the data used in this report is Statistics Canada's 1974 Survey of Consumer Finances. Since the Survey was conducted in mid-1974, the income data which it records is for 1973. Some 30,000 families from across Canada provided information for the Survey.

The income support and supplementation programs are directed to families which have no member eligible for the universal old age security (OAS/GIS) pension (which is to say, families with no member aged 65 or over). Our analysis, there-



fore, has been restricted to these families alone. They are usually referred to by statisticians as young family units and they make up 22,000 of the families in the Survey of Consumer Finances.

In order to analyze the data and give a more detailed image of low-income families, we have divided young family units into four groups according to their income and family size:

#### The Minimal Income Group

Those families whose market income (that is, income from all sources except government transfer programs like social assistance and unemployment insurance) is virtually non-existent. Since statistical work requires a precise definition of terms, our measure of "virtually non-existent" is the income level at which support benefits begin to be reduced for each additional dollar of earnings - what is usually referred to as the income exemption limit for support.<sup>2</sup>

#### The Support Group

Those families whose (market) income is greater than the exemption limit for support, but less than the income level at which they would begin to receive greater benefits from supplementation than from support.

#### The Supplementation Group

All of those families whose income is in the range eligible for benefits from supplementation, but too high for benefits from support.

The combination of these three groups will be referred to in this report as the low-income group.

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<sup>2</sup> As is now the case in provincial social assistance plans, the support program will allow families to earn a certain number of dollars without any reduction in their benefits. The "income exemption limit" is the maximum amount of such allowable earnings.

The Higher Income Group

Families who are not eligible for either support or supplementation.

The various income levels that divide these four groups are given in the Appendix.

So the terminology does not leave any misleading impressions, it should be noted that the families in the support group are not the only potential recipients of the support program. On the basis of income alone, both the minimal income group and the support group could, potentially, be eligible for benefits in the support program. On the other hand, some of these families might not meet the other eligibility requirements for support (such as the employment availability test) and so might only receive supplementation or, in some cases, nothing at all. The data collected in the Survey of Consumer Finances does not allow us to apply all these other eligibility rules. The reader should keep clearly in mind that some families in the minimal income and support groups will not be eligible for the support program because of these other eligibility rules.

The same holds true for the supplementation group. Although the vast majority of these families would be eligible for benefits in the supplementation program, some might not meet the other eligibility rules for supplementation. The supplementation group, as we define it in this report, will be somewhat larger than the group of actual beneficiaries of the supplementation program.

The minimal income group and the support group taken together are, therefore, an approximation of the potential beneficiaries of support, and the supplementation group is an approximation of the potential beneficiaries of supplementation. We are confident that they are close approximations. Keeping these caveats and definitions in mind we can begin our examination of the data.

### THE VITAL STATISTICS

In 1973 there were 1,558,000 young family units in the three low-income categories combined. They made up one out of four, or 25%, of all the young family units in Canada. Slightly more than a third of the low-income families (36%) were in the minimal income group; another 36% were in the support group; the remaining 28% were in the supplementation group. The number of families and their distribution by income groups in each province are shown on Table 1 on the following page. Table 2 shows the number of persons in these families and their distribution by income groups.

From these tables it can be seen that the 25% of young family units which are in the low-income categories contain 24% of all the persons in young family units. The supplementation group contains 7% of the family units with 9% of the population, indicating a high proportion of larger families with children. The support group has 9% of the family units and 9% of the population. The minimal income group has 9% of the family units but only 6% of the population.

The concentration of low-income families varies considerably from province to province. As we might expect, the wealthiest provinces - Ontario, Alberta and British Columbia - have the smallest proportion of families and persons in the low-income groups (although, we should note, the absolute numbers are very substantial - in Ontario, for example, almost 450,000 families with a combined population close to 1,100,000 persons are in the three low-income groups combined). Quebec, Manitoba and Saskatchewan have somewhat higher proportions of families in the low-income groups than the national average - in fact, from

TABLE 1

Number of Young Family Units and their Percentage Distribution  
Within each Province, and for Canada, by Income Group - 1973

Province <sup>3</sup>	Minimal Income	Support	Supple- mentation	Higher Income	Total number of young family units in the province
Newfoundland	19%	19%	14%	48%	128,000
P.E.I.	10	21	18	51	26,000
Nova Scotia	10	13	12	65	204,000
New Brunswick	14	13	12	61	168,000
Quebec	10	10	9	71	1,743,000
Ontario	7	7	5	81	2,332,000
Manitoba	10	10	8	72	273,000
Saskatchewan	11	12	9	68	233,000
Alberta	10	9	6	75	461,000
British Columbia	8	7	4	81	715,000
CANADA	9%	9%	7%	75%	6,282,000

Number of families in each income group	559,000	564,000	435,000	4,725,000
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<sup>3</sup>The Survey of Consumer Finances does not include the Yukon and Northwest Territories.



TABLE 2

Number of Persons in Young Family Units, and their Percentage  
Distribution Within each Province, and for Canada, by Income Group - 1973

Province	Minimal Income	Support	Supple- mentation	Higher Income	Total number of persons in young family units
Newfoundland	16%	23%	17%	44%	484,000
P.E.I.	6	25	23	47	88,000
Nova Scotia	7	13	16	64	628,000
New Brunswick	11	14	16	59	576,000
Quebec	6	11	11	72	5,345,000
Ontario	5	5	6	84	6,846,000
Manitoba	7	9	10	74	803,000
Saskatchewan	8	12	10	70	703,000
Alberta	7	8	7	78	1,343,000
British Columbia	5	6	4	85	2,010,000
CANADA	6%	9%	9%	77%	18,825,000

Number of persons in each income group	1,166,000	1,606,000	1,654,000	14,399,000
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three to seven percentage points higher. In the Atlantic provinces, however, the proportion of low-income families skyrockets, reaching its height in Newfoundland where a majority of the young family units - 52% - with 56% of the population are in the low-income groups. Even in Nova Scotia, which has the lowest rate in the Atlantic region, the low-income groups comprise 35% of the families and 36% of the people in these families.

For all of Canada 6% of the persons in young family units are in the minimal income group. This rate is fairly constant in each of the provinces except New Brunswick and Newfoundland where it is substantially higher. In Newfoundland the rate is over two-and-a-half times the national average.

On a national average the support group includes 9% of all the persons in young family units. Four provinces - Ontario, Manitoba, Alberta and British Columbia - have provincial rates at or below the national average. Four other provinces - Quebec, Saskatchewan, Nova Scotia and New Brunswick - exceed the national average by two to five percentage points. In Newfoundland and P.E.I., however, one out of four persons is in the support group - an extremely heavy concentration.

The supplementation group includes another 9% of persons in young family units - almost one in ten of all such persons in Canada. The three wealthiest provinces are the only ones with rates below the national average. Quebec, Manitoba and Saskatchewan are all slightly above the national average. The Atlantic provinces again show rates that are very substantially higher than the national average.

In terms of absolute numbers, almost 600,000 persons in the supplementation group live in one province alone - Quebec. Another 400,000 live in Ontario. These two provinces together

have 60% - or three out of five - of all the persons in the supplementation group in Canada. As we look at distributions within each province it is important to keep these absolute numbers in mind.

### Types of Families

Most of the data which we will be examining is based on family units. When this term is used by statisticians it is meant to include more than just families with children. In fact there are four types of family units (and in this report we mean "family" to encompass all four, unless noted otherwise). These are unattached individuals, childless couples, one-parent families (with children) and two-parent families (with children). The following table shows how each of these family types is distributed among the four income groups.

TABLE 3

Percentage Distribution of Each Type of  
Family Unit Among the Income Groups<sup>4</sup>

<u>Family Type</u>	<u>Minimal Income</u>	<u>Support</u>	<u>Supple- mentation</u>	<u>Higher Income</u>	<u>Total</u>
Unattached Individuals	19%	13%	6%	62%	100%
Childless Couples	3	6	4	87	100
One-Parent Families	29	18	7	46	100
Two-Parent Families	3	6	9	82	100
ALL FAMILY UNITS	9	9	7	75	100

<sup>4</sup> The reader should keep in mind that in this and subsequent tables "family" and "family unit" mean young family unit (i.e., having no person aged 65 or over) and the data is for 1973.

As can be seen, unattached individuals and single-parent families are disproportionately represented in the minimal income and support groups. The rate of one-parent families in the minimal income group is ten times that of two-parent families. Almost half of the one-parent families (47%) fall in the minimal income and support groups combined. When one-parent families in the supplementation group are added in, well over half (54%) fall in the low-income groups.

The distribution of the types of families within each of the income groups is also very revealing. This is shown in Table 4. Since supplementation will only be available to individuals aged 55 and over, and to childless couples whose principal earner is 55 or over, we have subdivided these two family types according to age in the three low-income categories.

TABLE 4

Percentage Distribution Within Each  
Income Group According to Type of Family

Family Type	Minimal Income	Support	Supple- mentation	Higher Income	All Incomes
	%	%	%	%	%
Unattached Individuals					
Under 55	19	11	5	8	9
55 or Over	10	3	1		
Childless Couples					
Head Under 55	2	4	2	12	11
Head 55 or Over	3	4	3		
One-Parent Families	33	14	5	3	6
Two-Parent Families	33	64	84	77	74
All Family Units	100	100	100	100	100



Obviously, unattached individuals and one-parent families are very heavily over-represented in the minimal income group. One out of every three families in this income group is headed by a single parent. Two-parent families, on the other hand, are distinctly under-represented; they make up three out of four of all family units in Canada, but only one out of three of the families in the minimal income group. The same pattern, though far less dramatic, is true for the support group.

In the supplementation group, however, the pattern is reversed. Two-parent families are now over-represented (84% compared to an overall rate of 74%) while one-parent families are slightly under-represented. It is important to note that families with children (that is, the one and two-parent families combined) make up nine out of ten of all the family units in the supplementation group. There can be no doubt that the supplementation program will be of the greatest assistance to families with children.<sup>5</sup>

### Size of Families

To examine the size of families, two pieces of data have been gathered. The first is the average number of children in one and two-parent families in each income group (Table 5). The other is the prevalence of large families (which we've defined as those having four or more children) in each income group (Table 6).

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<sup>5</sup> Here, and elsewhere in this report, the reader should again bear in mind the distinction noted in the Introduction between "the supplementation group" and the actual beneficiaries of the supplementation program. For statistical purposes we have included in the supplementation group some persons (for example, unattached individuals and childless couples aged under 55) who will not be eligible for the proposed supplementation program.

TABLE 5

Average Number of Children Per Family

<u>Families with Children</u>	<u>Minimal Income</u>	<u>Support</u>	<u>Supple- mentation</u>	<u>Higher Income</u>
One-Parent Families	2.45	2.31	2.46	1.83
Two-Parent Families	2.91	3.11	3.10	2.30

TABLE 6

Percentage of Families with Four or More Children

<u>Families with Children</u>	<u>Minimal Income</u>	<u>Support</u>	<u>Supple- mentation</u>	<u>Higher Income</u>
One-Parent Families	19%	18%	22%	8%
Two-Parent Families	31%	33%	33%	15%

In both tables it is clear that two-parent families, on average, contain more children than one-parent families. More significantly, within each family type, families in all three low-income groups are substantially larger than families in the higher income group.

Does family size account for the poverty of low-income families? For the supplementation group the answer is definitely

yes. When the income of one-parent families was re-examined to see if it would be enough to put an unattached individual into the higher income group it was found that this was the case for almost all the single-parent families. When we went to two-parent families in the supplementation group to see if their income was sufficient to put two adults into the higher income group, it was found that this was the case for nine out of ten families. For those in the supplementation group, the insufficiency of their income is very strongly related to the size of the family.

It should be noted that this result did not hold for families in the minimal income and support group. For the large majority of these families their income would not have been sufficient for the parents (or parent) alone to move into the higher income group.

#### Age of the Family Head

Table 7 gives data on the age of the head of families:

TABLE 7

Percentage Distribution of  
Family Units Within Each Income Group  
According to the Age of the Family Head

<u>Age of Head</u>	<u>Minimal Income</u>	<u>Support</u>	<u>Supple- mentation</u>	<u>Higher Income</u>
Under 20	14%	9%	3%	1%
20-24	11	18	13	11
25-44	30	36	49	52
45-54	17	18	20	21
55-59	11	8	8	8
60-64	17	12	8	7
TOTAL	100%	100%	100%	100%

Both the minimal income and the support groups have an over-representation of family heads aged under 25 and over 59. These would be the ages at which wages might be expected to be somewhat lower as both the youngest and the oldest of workers find themselves consigned to the margins of the job market.

The supplementation group, on the other hand, has an age distribution very similar to the higher income group (with the youngest and oldest persons only slightly more heavily represented). More than 75% of the supplementation group are in what ought to be the peak-earning years (ages 25-59). For many in this group a marked increase in their employment income is not very likely.

#### Sex of the Family Head

The Survey of Consumer Finances lists the male as the family head for all childless couples and two-parent families. Thus an analysis of differences in the sex of the head must be restricted to one-parent families and unattached individuals. Due to the small size of the Survey samples, especially for one-parent families, only general observations are possible.

It is clear, however, that the proportion of women-heads among one-parent families in the low-income groups is greater than in the higher income group. In the supplementation group, for example, women head 54% of all the one-parent families while in the higher income group women head only 44% of the one-parent families. Among unattached individuals the proportion of men and women is somewhat more even, but women still outnumber men in the poorer groups. The data confirms



the often-noted economic disadvantage which women have traditionally suffered, and the disadvantage is the greatest for women who head families with children.

Education of the Family Head

The relationship between low-income and lesser education is generally assumed to be clear and, as the following table shows, this relationship is very strong.

TABLE 8

Percentage Distribution of Family Units  
Within Each Income Group According to  
the Education Level of the Family Head

<u>Education of Head</u>	<u>Minimal Income</u>	<u>Support</u>	<u>Supple- mentation</u>	<u>Higher Income</u>
Less than grade 8	46%	39%	42%	20%
Some high school	31	29	32	29
Completed high school	9	14	14	22
Post-secondary training	7	9	6	13
University	<u>7</u>	<u>9</u>	<u>6</u>	<u>15</u>
TOTAL	100%	100%	100%	100%

All three low-income groups have very similar levels of educational achievement, and they are much less well-educated than the higher income group. It is interesting to note that the supplementation group actually has a slightly lower educational achievement than the support group. This might be due

to the higher proportion of young persons in the support group, many of whom would be coming out of school and are in a period of low earning before entering the labor market. It should be noted that many of these younger persons in the support group may not be eligible for benefits under the support program because they may not meet the other eligibility requirements.

Undeniably, education and income are very closely related and the supplementation group is at the low end of the education scale.

#### Size of Place of Residence

The last piece of vital statistics data is the size of the place of residence - how many families live in larger and smaller cities and in rural areas.

TABLE 9

Percentage Distribution of Family Units  
Within Each Income Group According to  
the Population of their Area of Residence

<u>Population of Area of Residence</u>	<u>Minimal Income</u>	<u>Support</u>	<u>Supple- mentation</u>	<u>Higher Income</u>
100,000 or more	49%	41%	38%	58%
30,000-100,000	8	8	8	10
15,000- 30,000	8	7	6	7
1,000- 15,000	12	11	14	10
Under 1,000 and rural	<u>23</u>	<u>32</u>	<u>34</u>	<u>15</u>
TOTAL	100%	100%	100%	100%

It is striking how many more families in the support and the supplementation groups, compared with families in the higher income group, live in small towns (those with population under 1,000) and in rural areas. While half of the minimal income group and well over half of the higher income group live in our largest metropolitan centres, one in three of the families in both the support and supplementation group lives in small towns and rural areas. In the next section it will be seen that many families in these groups have income from self-employment. It is very likely, then, that a high proportion of these rural and small-town families would be self-employed in farming and fishing, or operating small businesses.

## INCOME AND ATTACHMENT TO THE LABOR FORCE

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In the previous section we looked at some of the basic characteristics of low-income families. In this section we will focus on some important questions related to their income and the extent of their involvement in the labor market. Where does their income come from? What effect do government transfer programs have on their income? How many wage-earners are in the families? How much of the year do they work?

### Sources of Family Income

A family usually receives income from several different sources. A typical working family, for example, would get their main income from wages; but they would also receive some from government transfer programs (for instance, from family allowances) and perhaps some more from investments (for instance, from bank interest on a savings account).

An examination of sources of family income, therefore, is really two questions. One is how many families receive any income from each of the various income sources. The other is, for each family, what is the major source of income - the source from which the greatest amount of income is derived. We'll look at the latter question first.

Major sources of income can be grouped into four categories: earnings, whether from a job or from self-employment; government transfer payments (such as social assistance and unemployment insurance); other sources (such as investments, retirement pensions, etc.); and no income at all. The distribution of families by these four categories is given in the following table.



TABLE 10

Percentage Distribution of Families  
Within Each Income Group According to  
Their Major Source of Income<sup>6</sup>

<u>Sources of Income</u>	<u>Minimal Income</u>	<u>Support</u>	<u>Supple- mentation</u>	<u>Higher Income</u>
Earnings	14%	79%	94%	98%
Government Transfers	53	12	1	--
Other Sources	3	9	5	2
No Income	30	--	--	--
TOTAL	100%	100%	100%	100%

The main source of income for the supplementation group is overwhelmingly (94%) from earnings. In this respect, as in many others, families in this group are very similar to families in the higher income group.

In contrast, families from the minimal income group have very different major sources of income. Over half listed government transfer payments as the main source. Another 30% of the minimal income families reported they had no income at all. Many of these were persons who were part of another family

<sup>6</sup> A note of caution in reading this table: In defining the four income groups we used market income - income from all sources except government transfers. Thus it should not be interpreted, for example, that the 53% of families in the minimal income group whose major source of income was government transfers had an income in the minimal range after receiving transfers. The data only shows that their income before transfer payments was in the minimal range.

in 1973 - the year for which the Survey of Consumer Finances gathered income data - but who had become a separate family unit in 1974 (and, therefore, whose family income for 1973 was nil). Some were families who really had no income (and who, perhaps, lived off savings). Others might be students living away from home and receiving money either from their parents or a student loan. Still others might be persons who received an income from a source other than wages and simply misinterpreted the question.

Turning to the other question related to income sources, Table 11 shows what portion of families in the four income groups received any income from each of the various sources. It should be noted that the columns do not add up to 100% since each family is counted as many times as it has income from different sources.

TABLE 11

Percentage of Families by Income Group  
Who Reported Any Income from Each Source

Income Source	Minimal Income	Support	Supple- mentation	Higher Income
	%	%	%	%
Earnings:				
Wages and Salaries	23	81	89	97
Self-Employment	5	20	21	11
Government Transfers:				
Social Assistance	37	10	4	1
Other Transfers	41	60	76	59
Other Sources:				
Investment/Retire- ment Income	8	25	28	48
Miscellaneous	1	6	4	3

For both the supplementation and the higher income groups wages and salaries is the source reported most frequently (89% and 97% respectively). While families in the supplementation group list wages and salaries somewhat less often than the higher income group, the percentage reporting income from self-employment is correspondingly higher (21% in the supplementation group compared with 11% in the higher income group). As we saw in the first section, supplementation families are more heavily concentrated in rural areas, so this data would indicate the importance of occupations like farming and fishing for this group.

This conclusion, it might be noted here, is confirmed by the response to a different question related to the type of work performed. In the supplementation group 16% of the family heads describe their job as some form of self-employment; in the higher income group the figure is only 6%. Self-employment is especially important in the Prairie provinces, particularly Saskatchewan where it accounts for 35% of the families in the supplementation group and 39% in the support group. Presumably most of these families are involved in farming. Across the country farmers account for 12% of the supplementation group, a much higher concentration than in the higher income group where the corresponding figure is only 4%.

Returning to the data in Table 11, we see that supplementation families report income from government transfers (other than social assistance) more often than any other group. It will be remembered that there are more families with children in the supplementation group than in any other group. The transfer payment which is therefore responsible for this high level of reporting is family allowances.

The support group resembles the supplementation group with some predictable differences: slightly less frequent reporting of income from wages and salaries, self-employment, and investments; slightly more frequent reporting of income from social assistance. The decline in the reporting of income from other government transfers is caused by the lower proportion of families with children and, hence, the lesser receipt of family allowances.

The minimal income group, on the other hand, reports social assistance and other government transfers more frequently than any other source. Only a minority of the family units in this group report any income from earnings. In light of the high percentage of families in the minimal income group who reported "no income" when asked their major source of income, the actual percentage of families receiving social assistance might be higher than the 37% shown in the table.

#### The Effects of Government Transfer Payments

When the income support and supplementation programs are implemented, they will replace the existing provincial social assistance plans. However there will still remain a number of government transfer programs for which young family units could be eligible. These include Unemployment Insurance, Veterans' Pensions and Allowances, Workmen's Compensation, and Survivors' and Disability Pensions from the Canada/Quebec Pension Plans.<sup>7</sup>

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<sup>7</sup> Family allowances, of course, will also remain. However these were already taken into account in assigning family units to income groups so we need not consider them again here.



Benefits from all these programs will be deducted dollar-for-dollar from support/supplementation benefits.

All of these transfer programs should have an effect on the distribution of families among the four income groups. The amounts spent on these programs (in 1973, \$1,850 million for Unemployment Insurance alone and \$761 million for the other programs combined) could wipe out poverty if they were all directed to the families in the low-income groups - which, of course, they are not (only Veterans' Allowances are income-tested). Does adding the income from these transfer programs to the family's market (or earned) income significantly reduce the proportion of low-income families? As the following table shows, the effect is quite small:

TABLE 12

A Comparison of the  
Percentage Distribution of Families Among  
Income Groups Before and After Transfer  
Payments (Other than Social Assistance)

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<u>Income Category</u>	<u>Before Transfers: Market Income Alone</u>	<u>After Transfers: Market Income Plus Transfers</u>
Minimal Income	9%	7%
Support	9	8
Supplementation	7	7
Higher Income	<u>75</u>	<u>78</u>
TOTAL	100%	100%

Altogether only 3% of all family units move out of the low-income groups into the higher income group after benefits from these transfer programs are added to earnings. The minimal income group is the most affected (not surprisingly, since the cut-off for this group is so low that only a small amount of additional income could move a family into another group).

What is most interesting is that the size of the supplementation group is not affected at all. About as many families move into this group from the minimal income and support groups as move out into the higher income group. Whether we define income in terms of market income alone, or market income plus government transfers, the same percentage of families remain in the supplementation group. The addition of income from transfer programs most assuredly does not cause this group to disappear.

#### Number of Earners in the Family

The number of wage-earners in a family will obviously affect the family's income. Table 13 shows the percentage of two-adult families in which both spouses are earners.

TABLE 13

#### Percentage of Two-Adult Families in Which Both Spouses are Earners

	<u>Minimal Income</u>	<u>Support</u>	<u>Supple- mentation</u>	<u>Higher Income</u>
Two-Parent Families	18%	30%	30%	47%
Childless Couples	17%	34%	32%	67%

As the data shows, low-income families are much less likely to have two earners than higher income families. This is not totally unpredictable since the combination of two incomes, even at the minimum wage, would put all but the largest families into the higher income group. Moreover, as we've already seen, low-income families, on average, are larger than higher income families and almost a third of all low-income two-parent families have four or more children. Given the insufficiency of day care facilities, it is no surprise that a great many spouses (undoubtedly wives) must work at home raising children and hence are unable to take a paying job in the labor market.

Families in the support and supplementation groups are almost identical in the proportion of units having two earners. The minimal income group, in contrast, has a substantially lower proportion of two-earner families (and we can only assume that in the families with two earners both spouses must have only short-term jobs or the work is of a very part-time nature).

### Work Patterns

Both the stability and the level of a family's income are affected by the number of weeks worked each year by the highest income (or maximum) earner. The longer the period of weeks worked, the higher the income the family can expect to receive and the more stable will be the amount of income from month-to-month. Table 14 shows how many weeks were worked by families in each income group:

TABLE 14

Percentage Distribution of Family  
Units Within Each Income Group  
According to the Number of Weeks  
Worked per Year by the Maximum Earner

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<u>Weeks Worked</u>	<u>Minimal Income</u>	<u>Support</u>	<u>Supple- mentation</u>	<u>Higher Income</u>
50 or more	15%	32%	54%	84%
26-49	3	19	24	11
14-25	5	22	11	2
1-13	10	11	3	1
Zero	66	16	8	2
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL	100%	100%	100%	100%

It can be seen that the supplementation group is very strongly attached to the labor force. Only 8% of the families in this group have no involvement in the labor market; this is somewhat higher than the corresponding figure for the higher income group (2%) but still quite comparable.

The supplementation group's involvement in the labor force, however, is less stable and secure. While 84% of the higher income group work the full year, the corresponding figure for the supplementation group is 54%. Thirty-eight percent in the supplementation group work some of the year but less than the full year; in the higher income group the figure is only 14%.



For two out of three of the minimal income families there is no evidence of labor market involvement. In fact, it's very surprising that even 15% of the minimal income families report a maximum earner working the full year. It can only be presumed that most of these must work only a few hours each week, or perhaps are engaged in a very marginal form of self-employment in agriculture or fishing.

This strong relationship between weeks worked and income groups is not totally unexpected since the income groups have been defined in terms of market income, of which earnings are the largest part. However an important insight into the exact nature of the relationship as it affects the supplementation and higher income families is provided when we look at data on weeks worked and the age of the maximum earner. This is shown in Table 15 on the next page.

It will be remembered from the first section that the age breakdown of the supplementation group is quite similar to that of the higher income group. Thus the supplementation group's less secure attachment to the labor market can't be explained by a higher concentration of persons aged outside their peak-earning years.

However, as Table 15 shows, in the supplementation group the proportion of maximum earners with a low level of attachment to the labor market (that is, working less than half the year) rises much more sharply after age 45 than in the higher income group. One in five of the maximum earners aged between 45 and 54 in the supplementation group works less than half a year; in the higher income group, for this age range, the figure is 3% (or one in thirty-three). Among maximum earners aged between 55 and 64, the figure is close to four in ten for the supplementation group but only about one in ten for the higher income group.

TABLE 15

Percentage Distribution of Maximum Earners  
in the Supplementation and Higher Income  
Groups by Age and Weeks Worked

Income Group and Weeks Worked	Age Groups			
	25-44	45-54	55-59	60-64
Supplementation Group				
Worked less than half year	11%	20%	37%	41%
Worked 27-49 weeks	26	16	20	15
Worked full year	<u>62</u>	<u>64</u>	<u>44</u>	<u>44</u>
TOTAL	100%	100%	100%	100%
Higher Income Group				
Worked less than half year	1%	3%	7%	13%
Worked 27-49 weeks	10	8	8	9
Worked full year	<u>88</u>	<u>88</u>	<u>85</u>	<u>77</u>
TOTAL	100%	100%	100%	100%

There is a corresponding dramatic drop at age 55 in the proportion of persons in the supplementation group who work full-time. In the age range of 45-54 the figure for full-time workers is 64%. However, it goes down appreciably in the 55-59 range to 44% and stays at this level for the 60-64 age range.

In the higher income group, in contrast, there is only a small drop at age 55 (from 88% in the 45-54 age range to 85% in the 55-59 range).

The members of the supplementation group find it significantly harder to secure and keep employment as their age increases. It seems reasonable to suppose that many are older workers who might have lost their original jobs because of plant-relocations or automation and who are faced with considerable difficulty in finding new and steady employment. A great many such families will clearly be among the beneficiaries of the supplementation program.

## CONCLUSION

As we said at the start of this report, we have only tried to paint a general picture of the possible recipients of the support and supplementation programs. The limitations of our statistical sources have kept us from asking anything beyond the most basic questions on a national level. An image, however, has emerged - particularly an image of the families in the supplementation group:

- These supplementation families make up 7% of all the young family units in Canada. They contain 9% - or almost one out of ten - of all persons in young family units. In absolute numbers, they comprise almost 450,000 families and over 1,600,000 people. They make up almost one-third of all the low-income young family units in the country.
- These families are found everywhere in Canada, and although they form a higher percentage of the population in the Atlantic region and in rural areas, their numbers are substantial in every province. In terms of absolute numbers, over 60% live in Ontario and Quebec.
- Nine out of ten of the family units in the supplementation group are families with children. On average they are substantially larger than families in the higher income group. The insufficiency of the income of these supplementation families is very strongly related to the size of the family.
- The distribution by age of the heads of supplementation families is very similar to that of higher income families. However, on average,

heads of supplementation families have a much lower level of educational achievement than the heads of higher income families.

- The supplementation families are strongly attached to the labor force. The vast majority - nineteen out of twenty - report earnings from a job as their major source of income. A significant proportion are engaged in self-employment, especially farming.
- The supplementation families, however, have a less stable and secure involvement in the labor force than higher income families. While 84% of the higher income group work the full year, the corresponding figure for the supplementation group is 54%. In particular, the proportion of earners in the supplementation group with a low level of attachment to the labor market (that is, working less than half a year) rises much more sharply after age 45 than in the higher income group. The members of the supplementation group find it significantly harder to secure and keep employment as their age increases.

These supplementation families are the working poor - the forgotten of Canada's poor. It is these families who are now excluded from provincial social assistance programs. It is these families who are often excluded from a wide range of social and health services - excluded because they are not poor enough to be eligible for these services without paying a charge, while at the same time they cannot afford these services without painful sacrifices in their food or clothing budgets.

What will the supplementation program mean to them?  
What difference will it make in their lives?



There can be no denying that the proposed supplementation program will not lift most of these families out of poverty. The benefit levels are too low to accomplish this. Under the proposals, the maximum benefit for a family of four, in 1975 dollars, will only be \$960 a year. By 1978, when the program is expected to be implemented, these levels might be \$1,200 a year - taking into account the rise in the cost of living. Many families whose principal wage-earner is working at the minimum wage will still be below the poverty level, even after receiving supplementation.

The proposed supplementation program will arbitrarily exclude many persons. Of the 6% of the family units in the supplementation group (as it was defined in this report) who are unattached individuals, 5 out of 6 (or more than 20,000 persons) will be automatically ineligible for the supplementation program because they are aged under 55. The same will be true for 2 out of 5 (or about 9,000) of the childless couples. The same again for those families whose principal earner is on strike or a student.

These are major shortcomings of the program. They are unjust and unjustified. They must be made right.

However, the principle of supplementation - the principle that government has an obligation to assist those families for whom wages cannot provide a sufficient income - is essential if we are to make progress towards the elimination of poverty. The proposed program is the first significant acknowledgement of this principle by any government in Canada. It is an important step forward, and it provides a basis upon which to build.

Moreover, from the point of view of the recipients of supplementation, the \$1,200 in benefits - though not enough to take them out of poverty - will still be a major increase in their income. For many families it will be the difference between doing without some essential - perhaps a more nutritious diet,

winter clothes for their children, or a decent place to live - and being able to afford it. To tell these families it would be better to receive nothing at all instead of this admittedly modest benefit is as absurd as it is cruel. These families need help now. The supplementation program gives them a part of that help.

The National Council of Welfare has consistently called for a guaranteed income that will ensure to every Canadian a share of the national wealth sufficient to enable him or her to participate fully in our society. The support/supplementation programs are not, in themselves, that guaranteed income. Their shortcomings are substantial. The implementation of support/supplementation will be no cause to cease our efforts for a truly comprehensive and adequate guaranteed income.

But support/supplementation is a step forward. It moves us a bit closer to the guaranteed income which will free Canada's poor of their poverty. It brings within the income security system a group of the poor who need to be helped and who up to now have been denied that help. It is required now. It must be implemented now.

## APPENDIX

The income limits used to define the four income categories in this report are shown on the following tables. For each family size, the minimal income group includes all families with a market income below the minimal income limit. The support group includes families with an income greater than the minimal income limit but less than the support limit. The supplementation group are all those families with an income above the support limit but less than the supplementation limit. Finally, the higher income group includes all families with a market income above the supplementation limit. These income limits are for 1973.

### One-Parent Families and Unattached Individuals

<u>Number of Children</u>	<u>Minimal Income Limit</u>	<u>Support Limit</u>	<u>Supple- mentation Limit</u>
None	\$ 648	\$2,256	\$3,014
1	975	3,653	4,211
2	1,117	4,049	4,994
3	1,259	4,444	5,778
4	1,401	4,840	6,561
5	1,543	5,236	7,344
6	1,685	5,631	8,128
7	1,827	6,027	8,911
8	1,969	6,422	9,694
9	2,111	6,818	10,478
10	2,253	7,213	11,261

Two-Parent Families and Childless Couples

<u>Number of Children</u>	<u>Minimal Income Limit</u>	<u>Support Limit</u>	<u>Supple- mentation Limit</u>
None	\$1,049	\$3,653	\$4,661
1	1,101	4,049	4,878
2	1,333	4,444	6,444
3	1,475	4,840	7,228
4	1,617	5,236	8,011
5	1,759	5,631	8,794
6	1,901	6,027	9,578
7	2,043	6,422	10,361
8	2,185	6,818	11,144
9	2,327	7,213	11,928
10	2,469	7,609	12,711

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## NATIONAL COUNCIL OF WELFARE

The National Council of Welfare was established by the Government Organization Act, 1969 as a citizens' advisory body to the Minister of National Health and Welfare. Its mandate is to advise the Minister on matters pertaining to welfare.

The Council consists of 21 members, drawn from across Canada. All are private citizens and serve in their personal capacities rather than as representatives of organizations or agencies. The membership of the Council encompasses a diverse range of welfare-related interests. These include past and present welfare recipients active in welfare rights, public housing tenants and other low-income citizens' groups, and social workers and others involved in social service associations, private welfare agencies, and social work education.

Reports by the National Council of Welfare have dealt with income security, taxation, social employment, community organization, nutrition, legal aid/legal services, children in poverty, single-parent families, low-income consumers, poor people's groups and poverty coverage in the press. The Council has offered extensive commentaries on developments in the recently-concluded federal-provincial social security review.

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